



## **SCREENING CHAPTER 32 FINANCIAL CONTROL**

# **AGENDA ITEM II: DECENTRALISED IMPLEMENTATION SYSTEM (DIS)**

**(for information only)**

**Country Session: The Republic of TURKEY  
30 June 2006**



# CONTENT

A- Legal Framework

B- DIS system in Turkey

C- Proposed IPA Structure

D- Financial Cooperation Projects

E- Control and Audit in DIS

## A- LEGAL FRAMEWORK

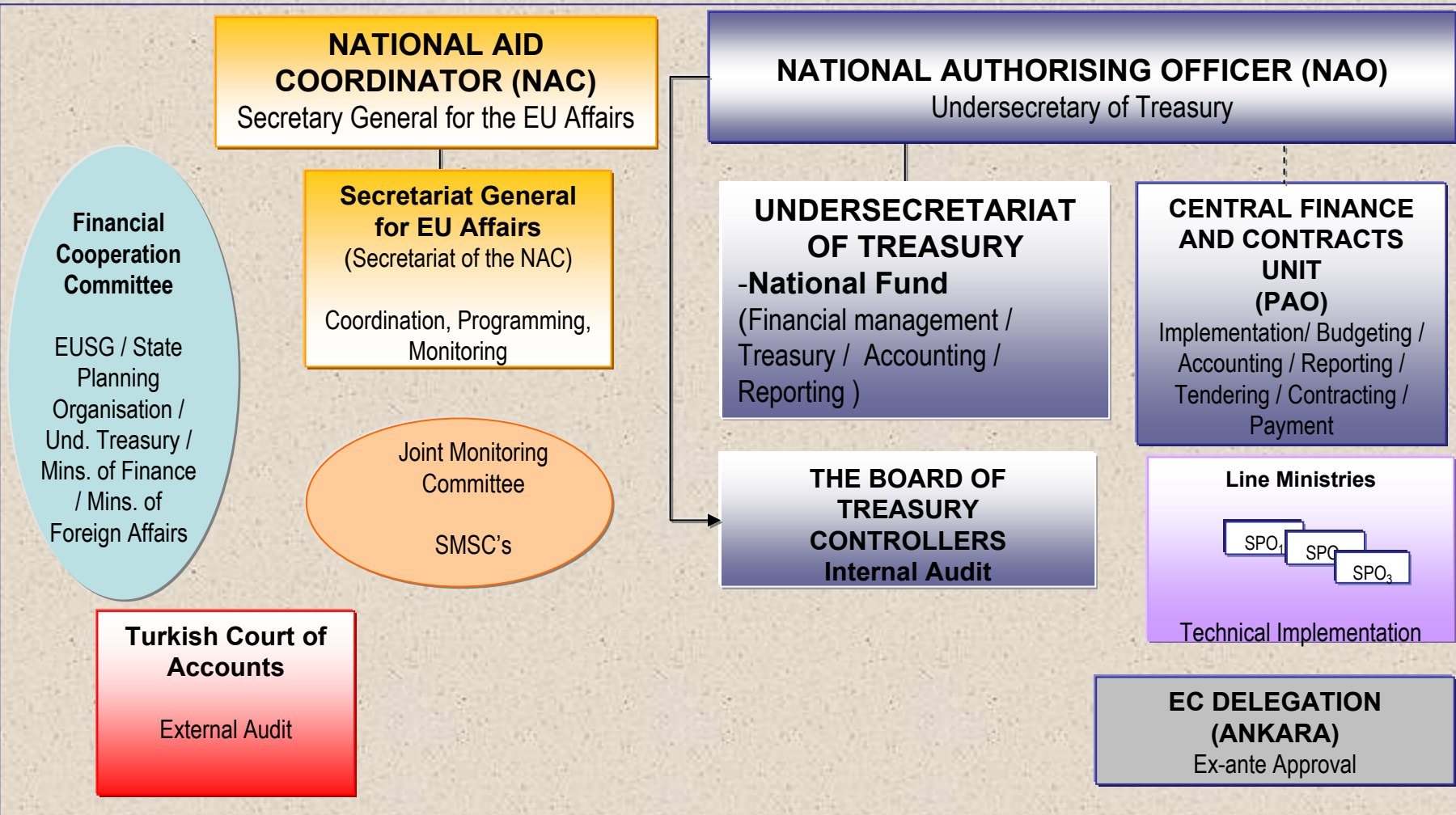
- Prime Ministerial Circular, No. 2001/41
- MoU on the Establishment of CFCU and MoU on the Establishment NF signed on 14 February 2002, approved by the Parliament (Law No. 4802) and published on 30 January 2003.
  - The MoU for NF was amended by Law No. 5167.
  - The MoU for CFCU was amended by Law No. 5500.
- Framework Agreement (adopted by Law No. 5303), and Council of Ministers Decree No. 2005/8636
- This system was accredited by the European Commission on 8 October 2003 for projects other than grant schemes. The system was accredited for grant schemes in June 2004.

## A- LEGAL FRAMEWORK (cont'd)

- Major changes introduced by the Law No. 5500
  - Repositioning of NAO and NAC; NAO being Undersecretary of Treasury and NAC being Secretary General of EUSG
  - Relocation of CFCU from EUSG under Treasury
  - Strengthening of PAO's supervisory power over SPOs
  - Contractual remuneration for CFCU staff



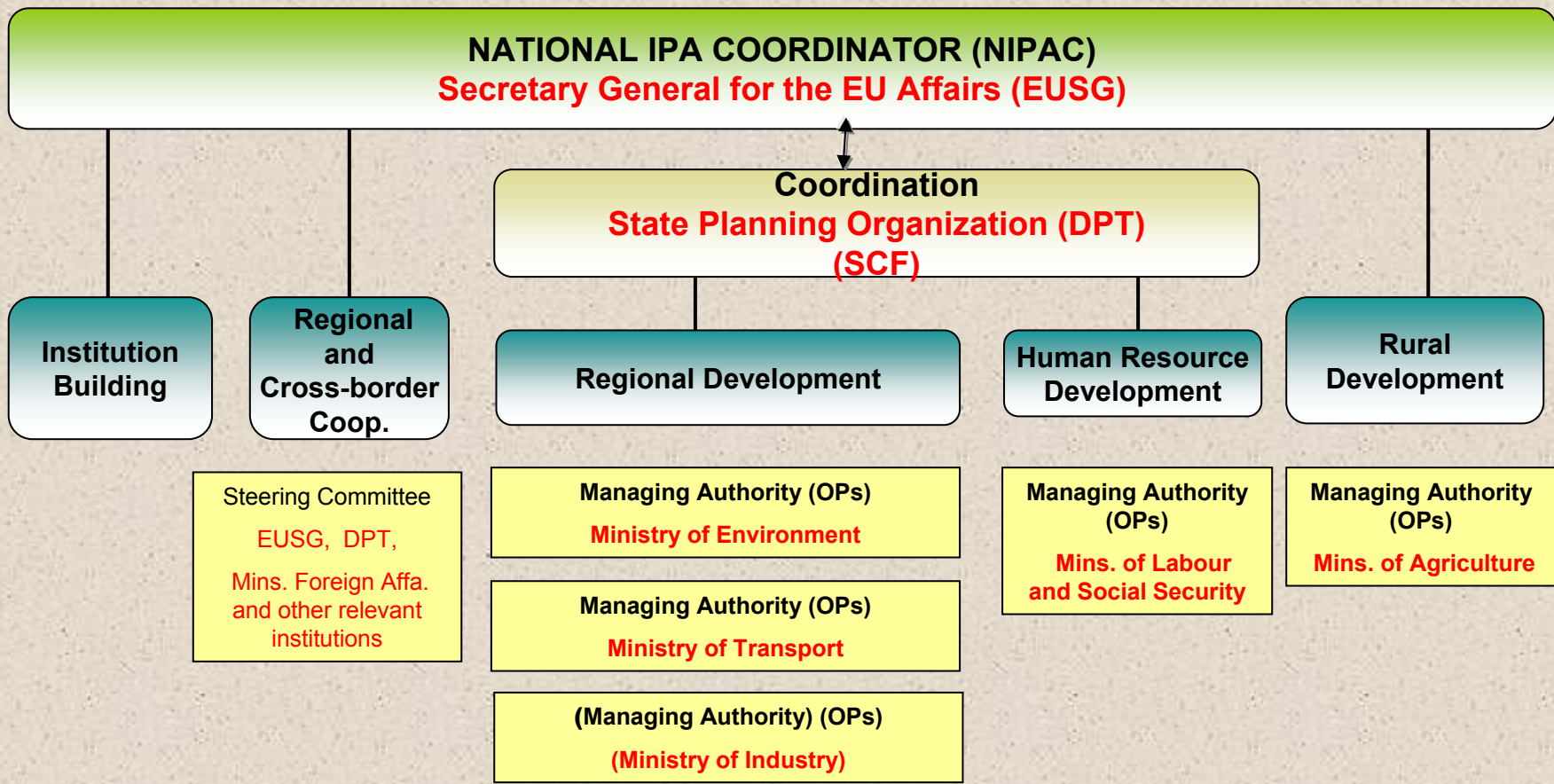
# B- DIS SYSTEM IN TURKEY







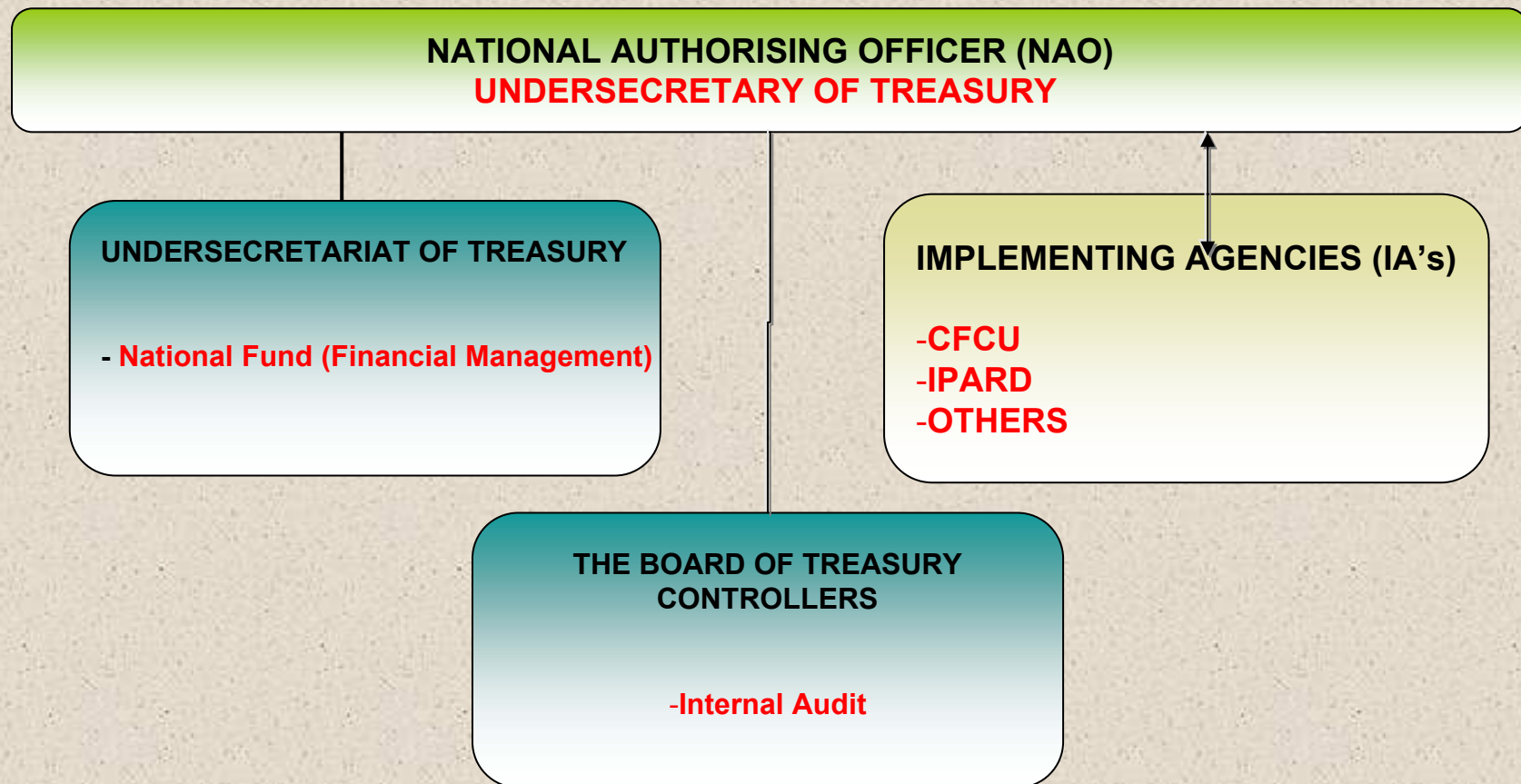
## C- PROPOSED IPA STRUCTURE



Financial Cooperation Committee, Joint Monitoring Committee and Sectoral Subcommittees will continue to be part of the system.



## C- PROPOSED IPA STRUCTURE (cont'd)



Turkish Court of Accounts will continue to be responsible for the external audit.



## D- FINANCIAL COOPERATION PROJECTS

	Programmes	Number of Projects	Budget (Million €)
	MEDA (1996-1999)	33	376
	MEDA 2000	5	209
	MEDA 2001	17	219
D I S	2002 National Programme	18	126
	2003 National Programme	28	144
	2004 National Programme	38	236
	2005 National Programme	37	300
	TOTAL	176	1.610

- Financing Memorandum for 2005 National Programme is to be signed
- Community Programmes (36,7 M€) under 2005 National Programme - signed.
- Avian Influenza (8,35 M€) under 2006 National Programme - signed.
- First National Programme Package for 2006 National Programme and Civil Society Dialogue (105.3 M€) - to be signed



## E- CONTROL AND AUDIT IN DIS

The current system is in place to ensure that

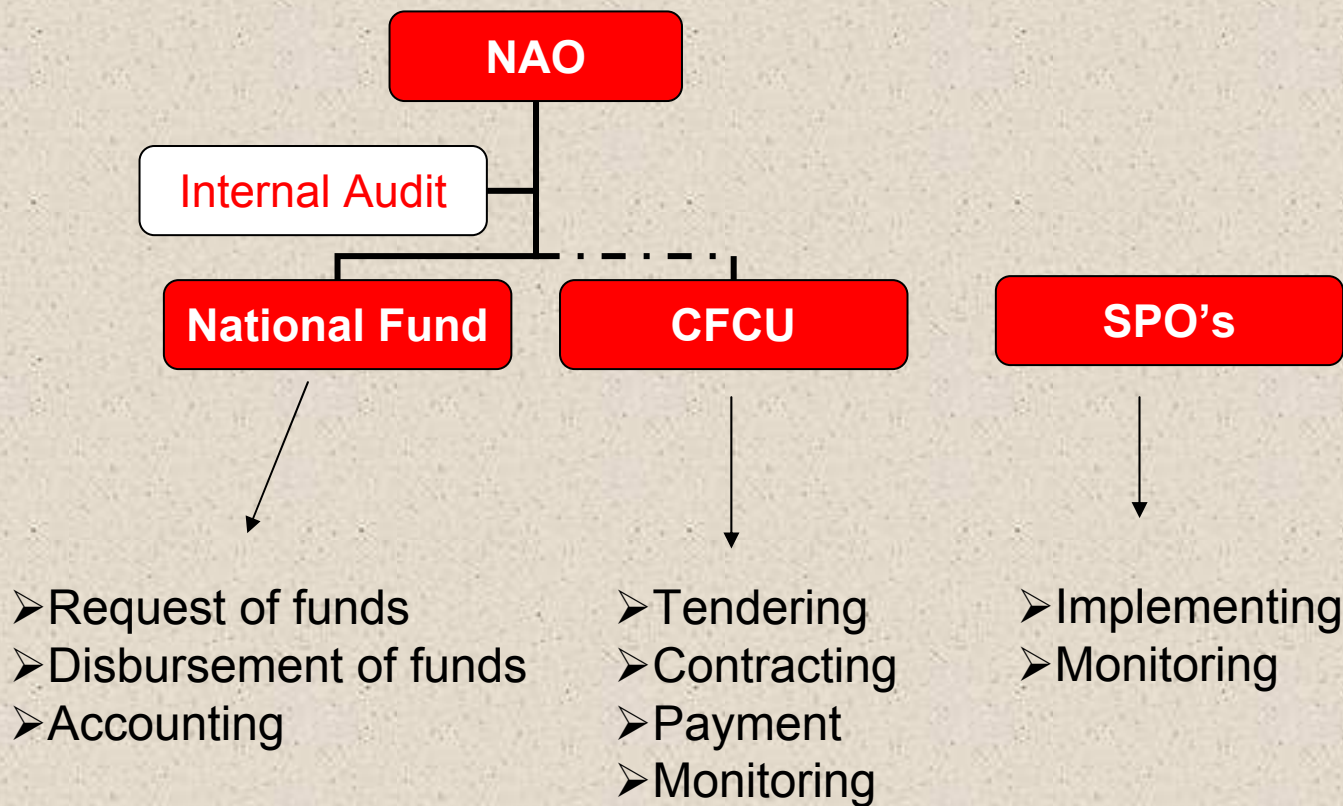
- the EU rules, regulations and procedures pertaining to procurement, reporting and financial management are respected, and that
- a proper reporting and project information system is functioning.

- The National Authorising Officer (NAO) has set up an internal control system.

- Internal and external audit bodies have been empowered for performing necessary audits.

- In case of suspicion or existence of irregularities, EU is informed and investigation is initiated

## ORGANISATION CHART





## FLOW OF FUNDS

Co-financer



**National Fund**

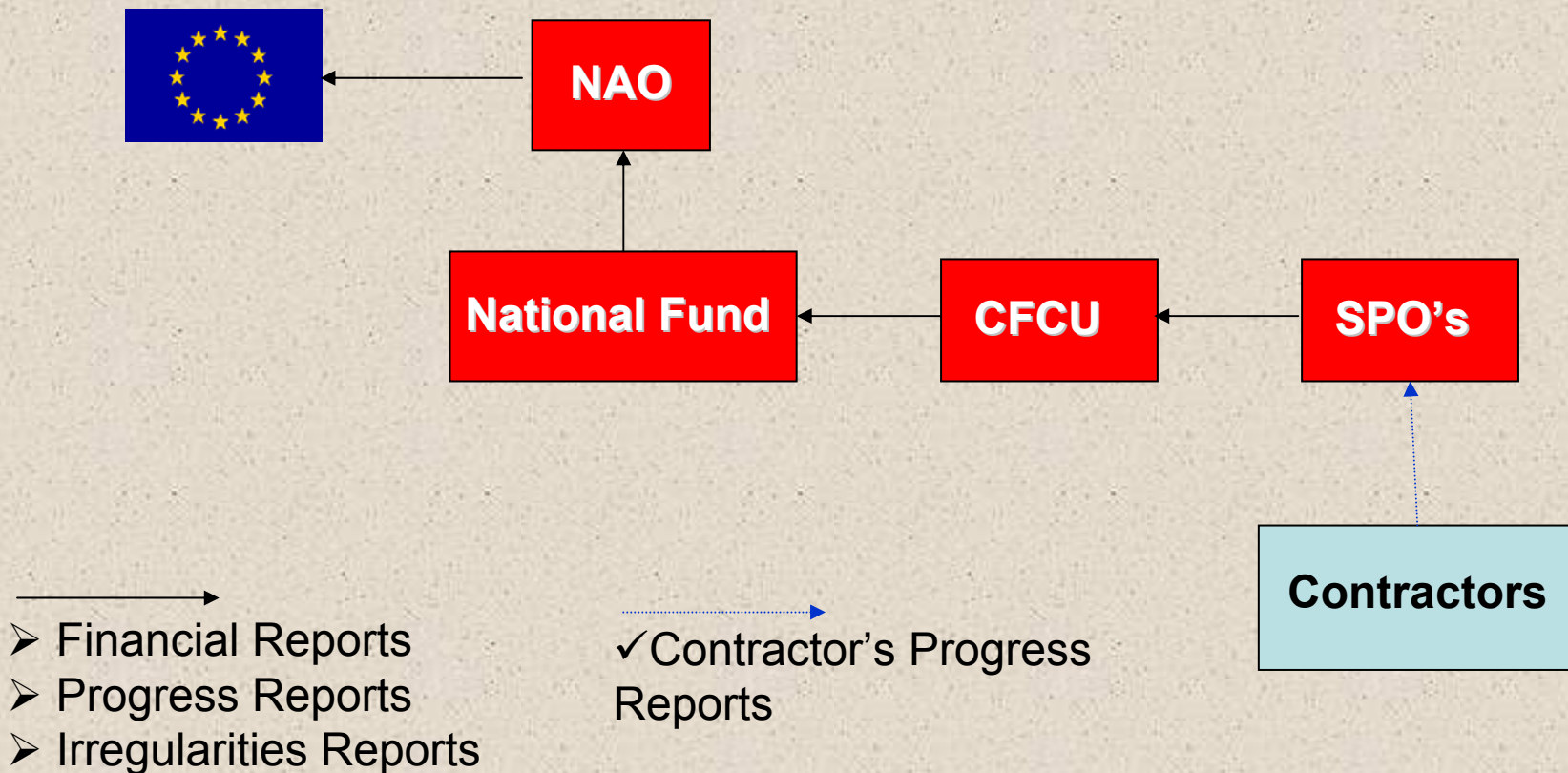
**CFCU**

**Contractors**

## CONTROL ENVIRONMENT

- Ex-ante control by ECD
- Written procedures (check lists, “four eyes” principle, cascades of control)
- Financing agreement between NF and CFCU
- Operational Agreements between CFCU and SPOs
- On the spot checks by CFCU and ECD

# REPORTING CYCLE







## LEGAL BASES FOR IMPLEMENTATION

Memoranda of Understanding  
Financing Memorandum



Financing Agreement

**National Fund**

**CFCU**

Operational Agreement

**CFCU**

**SPO's**

Contract

**CFCU**

**Contractors**



## LEGAL BASES FOR AUDITING

Memoranda of Understanding  
Law of Court of Accounts

**External Audit**

**Court of Accounts**

Memoranda of Understanding  
Internal Audit Charter

**NAO**

**Internal Audit**

**Board of Treasury  
Controllers**

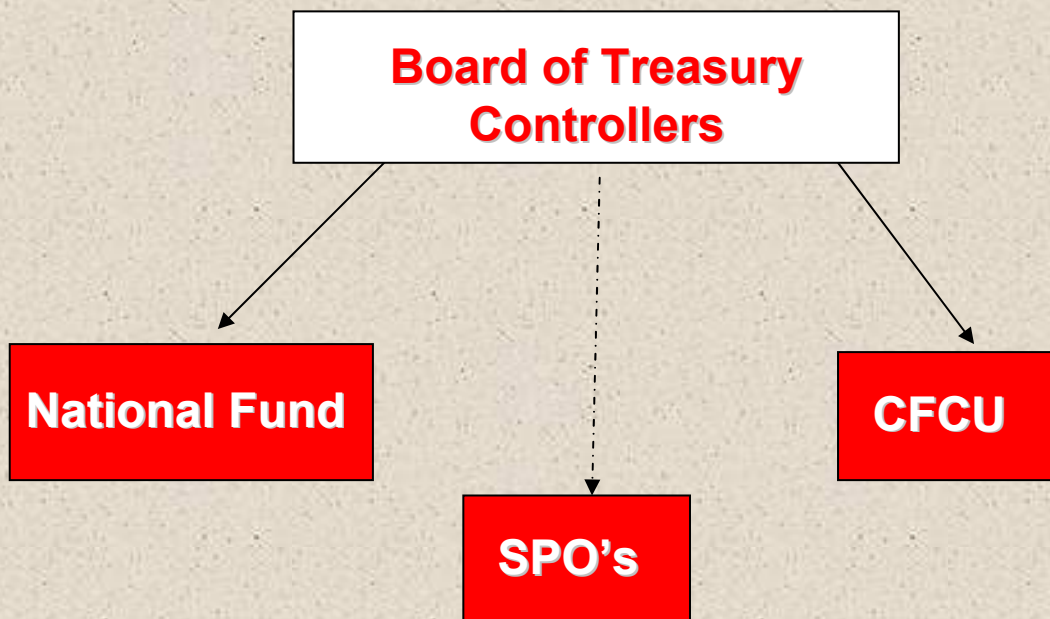
Contract

**Beneficiary**

**Independent Audit**

**Independent Auditors**

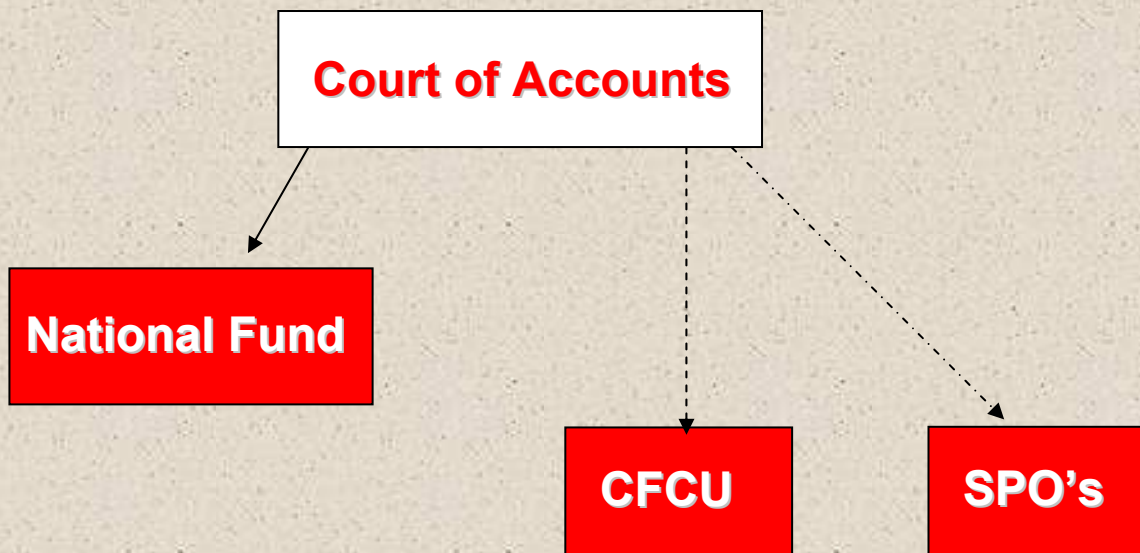
## INTERNAL AUDIT



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- System based audit
  - Compliance audit
  - Performance audit

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- Compliance audit
  - Performance audit
  - Spot checks

## EXTERNAL AUDIT

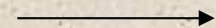
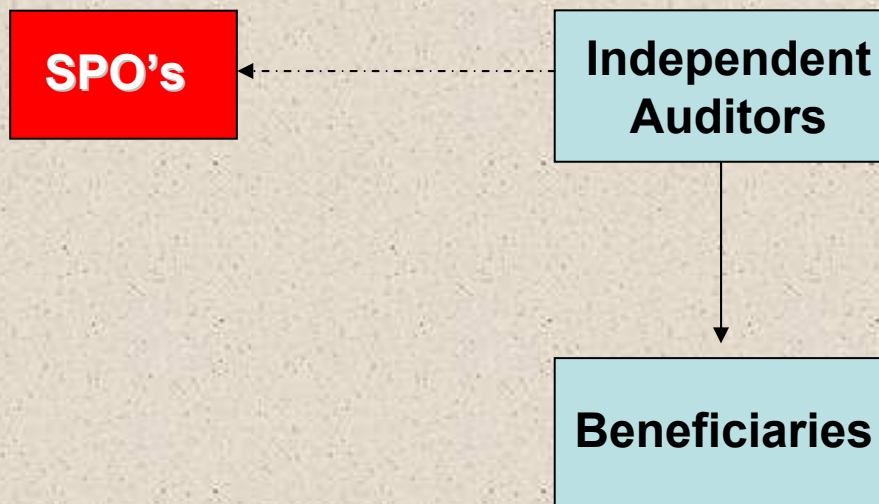


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- Financial audit
  - Compliance audit
  - Performance audit

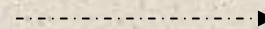
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Audits related with national budget

## INDEPENDENT AUDIT (for grant schemes)



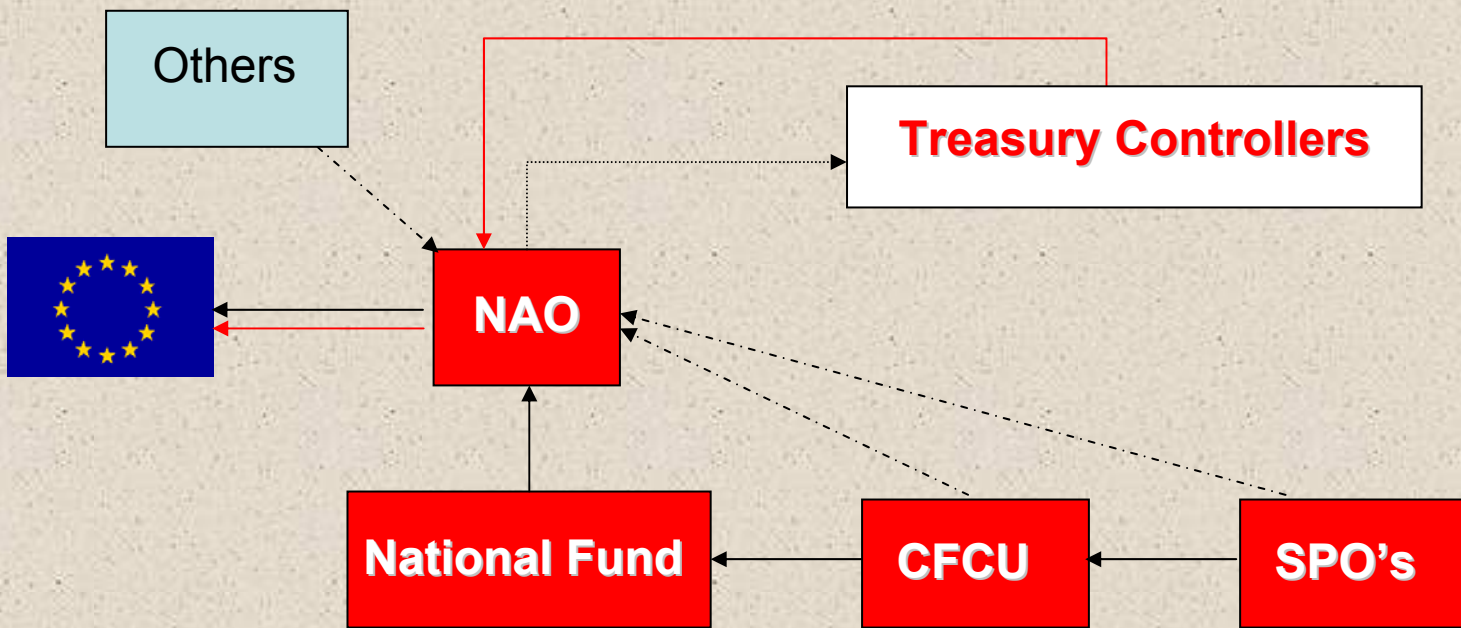
- Financial audit
- Compliance audit



Reporting



# FLOW OF INFORMATION RELATED WITH IRREGULARITIES



- Regular information line
- - - - - Denunciations
- · · · · Request for audit
- Audit reports



**THANK YOU FOR YOUR ATTENTION**